

**Amendment in the Nature of a Substitute
to H.R. 2622**

Offered by Mr. Bachus

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Fair and Accurate Credit Transactions Act of 2003”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act are as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definitions.

**TITLE I—UNIFORM NATIONAL CONSUMER PROTECTION
STANDARDS**

Sec. 101. Uniform national consumer protection standards made permanent.

TITLE II—IDENTITY THEFT PREVENTION

Sec. 201. Investigating changes of address.
Sec. 202. Fraud alerts.
Sec. 203. Truncation of credit card and debit card account numbers.
Sec. 204. Summary of rights of identity theft victims.
Sec. 205. Blocking of information resulting from identity theft.
Sec. 206. Establishment of procedures for depository institutions to identify
possible instances of identity theft.

TITLE III—IMPROVING RESOLUTION OF CONSUMER DISPUTES

Sec. 301. Coordination of consumer complaint investigations.
Sec. 302. Notice of dispute through reseller.
Sec. 303. Prompt investigation of disputed consumer information.



TITLE IV—IMPROVING ACCURACY OF CONSUMER RECORDS

- Sec. 401. Reconciling addresses.
- Sec. 402. Prevention of repollution of consumer reports.
- Sec. 403. Notice by users with respect to fraudulent information.

TITLE V—IMPROVEMENTS IN USE OF AND CONSUMER ACCESS
TO CREDIT INFORMATION

- Sec. 501. Free reports annually.
- Sec. 502. Summary of credit scores.
- Sec. 503. Simpler and easier method for consumers to use notification system.

TITLE VI—PROTECTING EMPLOYEE MISCONDUCT
INVESTIGATIONS

- Sec. 601. Certain employee investigation communications excluded from definition of consumer report.

1 **SEC. 2. DEFINITIONS.**

2 Section 603 of the Fair Credit Reporting Act (15
3 U.S.C. 1681a) is amended by adding at the end the fol-
4 lowing new subsections:

5 “(r) RESELLER.—The term ‘reseller’ means a con-
6 sumer reporting agency that—

7 “(1) assembles and merges information con-
8 tained in the database of another consumer report-
9 ing agency or multiple consumer reporting agencies
10 concerning any consumer for purposes of furnishing
11 such information to any third party, to the extent of
12 such activities; and

13 “(2) does not maintain a database of the as-
14 sembled or merged information from which new con-
15 sumer reports are produced.

16 “(s) OTHER DEFINITIONS.—



1 “(1) BOARD; CREDIT; CREDITOR, CREDIT
2 CARD.—The terms ‘Board’, ‘credit’, ‘creditor’, and
3 credit card’ have the same meanings as in section
4 103 of the Truth in Lending Act.

5 “(2) COMMISSION.—The term ‘Commission’
6 means the Federal Trade Commission.

7 “(3) DEBIT CARD.—The term ‘debit card’
8 means any card issued by a financial institution to
9 a consumer for use in initiating electronic fund
10 transfers (as defined in section 903(6) of the Elec-
11 tronic Fund Transfer Act) from the account (as de-
12 fined in such Act) of the consumer at such financial
13 institution for the purpose of transferring money be-
14 tween accounts or obtaining money, property, labor,
15 or services.

16 “(4) ELECTRONIC FUND TRANSFER.—The term
17 ‘electronic fund transfer’ has the same meaning as
18 in section 903 of the Electronic Fund Transfer Act.

19 “(5) FEDERAL BANKING AGENCY.—The term
20 ‘Federal banking agency’ has the same meaning as
21 in section 3 of the Federal Deposit Insurance Act.

22 “(6) IDENTITY THEFT.—The term ‘identity
23 theft’ means a fraud committed using another per-
24 son’s identifying information, subject to such further



1 definition as the Commission and the Board may
2 prescribe, jointly, by regulation.”.

3 **TITLE I—UNIFORM NATIONAL**
4 **CONSUMER PROTECTION**
5 **STANDARDS**

6 **SEC. 101. UNIFORM NATIONAL CONSUMER PROTECTION**
7 **STANDARDS MADE PERMANENT.**

8 Section 624(d) of the Fair Credit Reporting Act (15
9 U.S.C. 1681t(d)) is amended—

10 (1) by striking “Subsections (b) and (c)” and
11 all that follows through “do not affect any settle-
12 ment,” and inserting “Subsections (b) and (c) do
13 not affect any settlement,”; and

14 (2) by striking “Consumer Credit Reporting
15 Reform Act of 1996” and all that follows through
16 the period at the end of paragraph (2) and inserting
17 “Consumer Credit Reporting Reform Act of 1996.”.

18 **TITLE II—IDENTITY THEFT**
19 **PREVENTION**

20 **SEC. 201. INVESTIGATING CHANGES OF ADDRESS.**

21 (a) IN GENERAL.—Section 605 of the Fair Credit
22 Reporting Act (15 U.S.C. 1681c) is amended by inserting
23 after subsection (f), the following new subsection:

24 “(g) INVESTIGATION OF CHANGES OF ADDRESS.—
25 The Federal banking agencies and the National Credit



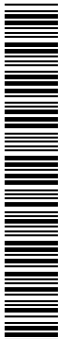
1 Union Administration, in carrying out the responsibilities
2 of such agencies and Administration under subsection (k),
3 shall jointly prescribe regulations for credit card and debit
4 card issuers to ensure that, if any such issuer receives a
5 request for an additional or replacement card for an exist-
6 ing account within a short period of time after the issuer
7 has received notification of a change of address for the
8 same account, the issuer will follow reasonable policies and
9 procedures that require, as appropriate, that the issuer
10 not issue the additional or replacement card unless the
11 issuer—

12 “(1) notifies the cardholder of the request at
13 the former address of the cardholder and provides to
14 the cardholder a means of promptly reporting incor-
15 rect address changes;

16 “(2) notifies the cardholder of the request by
17 such other means of communication as the card-
18 holder and the card issuer previously agreed to; or

19 “(3) uses other means of assessing the validity
20 of the change of address, in accordance with reason-
21 able policies and procedures established by the card
22 issuer in accordance with the regulations prescribed
23 under subsection (k).”.

24 (b) CLERICAL AMENDMENTS.—



1 (1) The heading for section 605 of the Fair
2 Credit Reporting Act is amended to read as follows:

3 **“§ 605. Requirements relating to information con-**
4 **tained in consumer reports and to iden-**
5 **tity theft prevention.”.**

6 (2) The table of sections for title VI of the Con-
7 sumer Credit Protection Act is amended by striking
8 the item relating to section 605 and inserting the
9 following new item:

“605. Requirements relating to information contained in consumer reports and
to identity theft prevention.”.

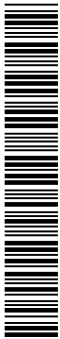
10 (3) Section 624(b)(1)(E) of the Fair Credit Re-
11 porting Act (15 U.S.C. 1681t(b)(1)(E)) is amended
12 by inserting “and to identity theft prevention” after
13 “consumer reports”.

14 **SEC. 202. FRAUD ALERTS.**

15 Section 605 of the Fair Credit Reporting Act (15
16 U.S.C. 1681c) is amended by adding at the end the fol-
17 lowing new subsection:

18 “(i) FRAUD ALERTS.—

19 “(1) IN GENERAL.—Upon the request of a con-
20 sumer who asserts in good faith a suspicion that the
21 consumer has been or is about to become a victim
22 of fraud or related crime, and upon receiving proper
23 identification, a consumer reporting agency shall in-
24 clude a fraud alert in the file of that consumer.



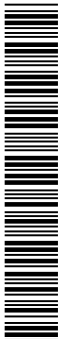
1 “(2) NOTICE TO USERS.—A consumer reporting
2 agency shall communicate to each person procuring
3 a consumer report with respect to a consumer the
4 existence of a fraud alert in effect for such con-
5 sumer, regardless of whether a full credit report,
6 credit score, or summary report is requested.

7 “(3) PROHIBITION.—No user of a consumer re-
8 port with a fraud alert may issue or extend credit
9 in the name of the consumer to a person other than
10 the consumer without attempting to obtain the au-
11 thorization or preauthorization of the consumer in a
12 manner described in paragraph (4).

13 “(4) DEFINITION.—In this subsection, the term
14 ‘fraud alert’ means a clear and conspicuous state-
15 ment in the file of a consumer that notifies all pro-
16 spective users of a consumer report prepared or
17 maintained with respect to that consumer that the
18 consumer does not authorize the issuance or exten-
19 sion of credit in the name of the consumer unless—

20 “(A) the issuer or extender of such credit
21 first obtains verbal authorization from the con-
22 sumer at a telephone number designated by the
23 consumer; or

24 “(B) the issuer or extender of such credit
25 utilizes another reasonable means of commu-



1 nication to obtain the express authorization or
2 preauthorization of the consumer.

3 “(5) EXCEPTIONS.—

4 “(A) RESELLERS.—

5 “(i) IN GENERAL.—The provisions of
6 this subsection shall not apply to a reseller.

7 “(ii) LIMITATION.—If the information
8 provided by a reseller was derived from a
9 consumer report that was prepared or
10 maintained by another consumer reporting
11 agency and contained a fraud alert, the re-
12 seller shall preserve and maintain the
13 fraud alert in the information provided by
14 the reseller.

15 “(B) EXEMPT INSTITUTIONS.—The re-
16 quirement under this subsection to place a
17 fraud alert in a consumer file shall not apply
18 to—

19 “(i) a check services company, which
20 issues authorizations for the purpose of ap-
21 proving or processing negotiable instru-
22 ments, electronic funds transfers, or simi-
23 lar methods of payments; or

24 “(ii) a deposit account information
25 service company, which issues reports re-



1 garding account closures due to fraud, sub-
2 stantial overdrafts, automated teller ma-
3 chine abuse, or similar negative informa-
4 tion regarding a consumer, to inquiring
5 banks or other financial institutions for
6 use only in reviewing a consumer request
7 for a deposit account at the inquiring bank
8 or financial institution.

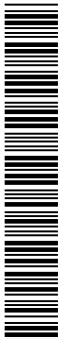
9 “(6) AUTHORITY FOR AGENCIES TO ESTABLISH
10 EFFECTIVE PERIODS.—The Commission and the
11 Board shall jointly prescribe, by regulation, the
12 length of the period during which any fraud alert
13 shall be maintained in the file of any consumer
14 under this subsection.”.

15 **SEC. 203. TRUNCATION OF CREDIT CARD AND DEBIT CARD**
16 **ACCOUNT NUMBERS.**

17 (a) IN GENERAL.—Section 605 of the Fair Credit
18 Reporting Act (15 U.S.C. 1681c) is amended by inserting
19 after subsection (k) (as added by section 206 of this title)
20 the following new subsection:

21 “(l) TRUNCATION OF CREDIT CARD AND DEBIT
22 CARD ACCOUNT NUMBERS.—

23 “(1) IN GENERAL.—Except as provided in this
24 subsection, no person that accepts credit cards or
25 debit cards for the transaction of business shall



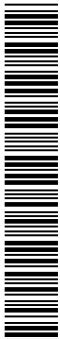
1 print the expiration date or more than the last 5
2 digits of the card account number upon any receipt
3 provided to the cardholder at the point of the sale
4 or transaction.

5 “(2) LIMITATION.—This section shall apply
6 only to receipts that are electronically printed, and
7 shall not apply to transactions in which the sole
8 means of recording the person’s credit card or debit
9 card account number is by handwriting or by an im-
10 print or copy of the card.”.

11 (b) EFFECTIVE DATE.—The amendments made by
12 subsection (a) shall apply after the end of—

13 (1) the 3-year period beginning on the date of
14 the enactment of this Act, with respect to any cash
15 register or other machine or device that electroni-
16 cally prints receipts for credit card or debit card
17 transactions that is in use before January 1, 2005;
18 and

19 (2) the 1-year period beginning on the date of
20 the enactment of this Act, with respect to any cash
21 register or other machine or device that electroni-
22 cally prints receipts for credit card or debit card
23 transactions that is first put into use on or after
24 January 1, 2005.



1 **SEC. 204. SUMMARY OF RIGHTS OF IDENTITY THEFT VIC-**
2 **TIMS.**

3 Section 609 of the Fair Credit Reporting Act (15
4 U.S.C. 1681g) is amended by adding at the end the fol-
5 lowing new subsection:

6 “(d) SUMMARY OF RIGHTS OF IDENTITY THEFT VIC-
7 TIMS.—

8 “(1) IN GENERAL.—The Commission, in con-
9 sultation with the Federal banking agencies and the
10 National Credit Union Administration, shall prepare
11 a model summary of the rights of consumers under
12 this title with respect to the procedures for rem-
13 edying the effects of fraud or identity theft involving
14 credit, electronic fund transfers, or accounts or
15 transactions at or with a financial institution.

16 “(2) SUMMARY OF RIGHTS AND CONTACT IN-
17 FORMATION.—If any consumer contacts a consumer
18 reporting agency and expresses a belief that the con-
19 sumer is a victim of fraud or identity theft involving
20 credit, electronic fund transfers, or accounts or
21 transactions at or with a financial institution, the
22 consumer reporting agency shall, in addition to any
23 other action the agency may take, provide the con-
24 sumer with the model summary of rights prepared
25 by the Commission under paragraph (1) and infor-



1 mation on how to contact the Commission to obtain
2 more detailed information.”.

3 **SEC. 205. BLOCKING OF INFORMATION RESULTING FROM**
4 **IDENTITY THEFT.**

5 Section 605 of the Fair Credit Reporting Act (15
6 U.S.C. 1681c) is amended by inserting after subsection
7 (i) (as added by section 202 of this title) the following
8 new subsection:

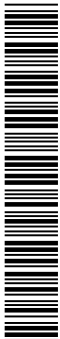
9 “(j) BLOCK OF INFORMATION RESULTING FROM
10 IDENTITY THEFT.—

11 “(1) BLOCK.—Except as provided in paragraph
12 (3), a consumer reporting agency shall block the re-
13 porting of any information in the file of a consumer
14 that the consumer identifies as information that re-
15 sulted from an alleged identity theft and confirms is
16 not information relating to any transaction by the
17 consumer not later than 5 business days after the
18 date of receipt by such agency of—

19 “(A) appropriate proof of the identity of a
20 consumer;

21 “(B) a copy of an official valid police re-
22 port evidencing the claim of the consumer of
23 identity theft;

24 “(C) the identification of the information
25 by the consumer; and



1 “(D) confirmation by the consumer that
2 the information is not information relating to
3 any transaction by the consumer.

4 “(2) NOTIFICATION.—A consumer reporting
5 agency shall promptly notify the furnisher of infor-
6 mation identified by the consumer under paragraph
7 (1)—

8 “(A) that the information may be a result
9 of identity theft;

10 “(B) that a police report has been filed;

11 “(C) that a block has been requested under
12 this subsection; and

13 “(D) of the effective date of the block.

14 “(3) AUTHORITY TO DECLINE OR RESCIND.—

15 “(A) IN GENERAL.—A consumer reporting
16 agency may decline to block, or may rescind
17 any block, of consumer information under this
18 subsection if the consumer reporting agency
19 reasonably determines that—

20 “(i) the information was blocked in
21 error or a block was requested by the con-
22 sumer in error;

23 “(ii) the information was blocked, or a
24 block was requested by the consumer, on
25 the basis of a misrepresentation of fact by

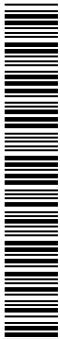


1 the consumer relevant to the request to
2 block; or

3 “(iii) the consumer knowingly ob-
4 tained possession of goods, services, or
5 moneys as a result of the blocked trans-
6 action or transactions, or the consumer
7 should have known that the consumer ob-
8 tained possession of goods, services, or
9 moneys as a result of the blocked trans-
10 action or transactions.

11 “(B) NOTIFICATION TO CONSUMER.—If
12 the block of information is declined or rescinded
13 under this paragraph, the affected consumer
14 shall be notified promptly, in the same manner
15 as consumers are notified of the reinsertion of
16 information under section 611(a)(5)(B).

17 “(C) SIGNIFICANCE OF BLOCK.—For pur-
18 poses of this paragraph, if a consumer report-
19 ing agency rescinds a block, the presence of in-
20 formation in the file of a consumer prior to the
21 blocking of such information is not evidence of
22 whether the consumer knew or should have
23 known that the consumer obtained possession of
24 any goods, services, or monies as a result of the
25 block.



1 “(4) EXCEPTIONS.—

2 “(A) VERIFICATION COMPANIES.—A con-
3 sumer reporting agency shall not be required to
4 comply with this subsection when such agency
5 is issuing information to entities described in
6 clause (i) or (ii) of subsection (i)(5)(B).

7 “(B) RESELLERS.—

8 “(i) NO RESELLER FILE.—The provi-
9 sions of this subsection do not apply to a
10 consumer reporting agency if the consumer
11 reporting agency—

12 “(I) is a reseller;

13 “(II) is not, at the time of the re-
14 quest of the consumer under para-
15 graph (1), otherwise furnishing or re-
16 selling a consumer report concerning
17 the information identified by the con-
18 sumer; and

19 “(III) informs the consumer, by
20 any means, that the consumer may re-
21 port the identity theft to the Commis-
22 sion to obtain consumer information
23 regarding identity theft.

24 “(ii) RESELLER WITH FILE.—The
25 sole obligation of the consumer reporting



1 agency under this subsection, with regard
2 to any request of a consumer under this
3 subsection, shall be to block the consumer
4 report maintained by the consumer report-
5 ing agency from any subsequent use if—

6 “(I) the consumer, in accordance
7 with the provisions of paragraph (1),
8 identifies, to a consumer reporting
9 agency, information in the file of the
10 consumer that resulted from identity
11 theft; and

12 “(II) the consumer reporting
13 agency is a reseller of the identified
14 information.

15 “(iii) NOTICE.—In carrying out its
16 obligation under clause (ii), the reseller
17 shall promptly provide a notice to the con-
18 sumer of the decision to block the file.
19 Such notice shall contain the name, ad-
20 dress, and telephone number of each con-
21 sumer reporting agency from which the
22 consumer information was obtained for re-
23 sale.

24 “(5) ACCESS TO BLOCKED INFORMATION BY
25 LAW ENFORCEMENT AGENCIES.—No provision of



1 this subsection shall be construed as requiring a con-
2 sumer reporting agency to prevent a Federal, State,
3 or local law enforcement agency from accessing
4 blocked information in a consumer file to which the
5 agency could otherwise obtain access under this
6 title”.

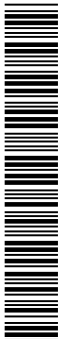
7 **SEC. 206. ESTABLISHMENT OF PROCEDURES FOR DEPOSI-**
8 **TORY INSTITUTIONS TO IDENTIFY POSSIBLE**
9 **INSTANCES OF IDENTITY THEFT.**

10 (a) IN GENERAL.—Section 605 of the Fair Credit
11 Reporting Act (15 U.S.C. 1681c) is amended by inserting
12 after subsection (j) (as added by section 205 of this title)
13 the following new subsection:

14 “(k) ‘RED FLAG’ GUIDELINES REQUIRED.—

15 “(1) IN GENERAL.—The Federal banking agen-
16 cies and the National Credit Union Administration,
17 in consultation with the Commission, shall jointly es-
18 tablish and maintain guidelines for use by insured
19 depository institutions in identifying patterns, prac-
20 tices, and specific forms of activity that indicate the
21 possible existence of identity theft with respect to ac-
22 counts, and update such guidelines as often as nec-
23 essary.

24 “(2) REGULATIONS.—The Federal banking
25 agencies and the National Credit Union Administra-



1 tion, in consultation with the Commission, shall
2 jointly prescribe regulations requiring insured depos-
3 itory institutions to establish reasonable policies and
4 procedures for implementing the guidelines estab-
5 lished pursuant to paragraph (1) when engaged in
6 other operations with respect to customer accounts
7 that relate to the safety and soundness of the insti-
8 tutions.

9 “(3) CONSISTENCY WITH VERIFICATION RE-
10 QUIREMENTS.—Policies and procedures established
11 pursuant to paragraph (2) shall not be inconsistent
12 with, or duplicative of, the policies and procedures
13 required under section 5318(l) of title 31, United
14 States Code.

15 “(4) INSURED DEPOSITORY INSTITUTION DE-
16 FINED.—For purposes of this subsection, the term
17 ‘insured depository institution’—

18 “(A) has the meaning given to such term
19 in section 3 of the Federal Deposit Insurance
20 Act; and

21 “(B) includes an insured credit union (as
22 defined in section 101 of the Federal Credit
23 Union Act).”.



1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) shall take effect at the end-of the 1-year
3 period beginning the date of the enactment of this Act.

4 **TITLE III—IMPROVING RESOLU-**
5 **TION OF CONSUMER DIS-**
6 **PUTES**

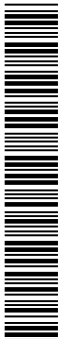
7 **SEC. 301. COORDINATION OF CONSUMER COMPLAINT IN-**
8 **VESTIGATIONS.**

9 Section 621 of the Fair Credit Reporting Act (15
10 U.S.C. 1681s) is amended by adding at the end the fol-
11 lowing new subsection:

12 “(f) COORDINATION OF CONSUMER COMPLAINT IN-
13 VESTIGATIONS.—

14 “(1) IN GENERAL.—The consumer reporting
15 agencies described in section 603(p) shall develop
16 and maintain procedures for the referral, to each
17 such agency, of any consumer complaint received by
18 any such agency alleging any identity theft or re-
19 questing a block or a fraud alert.

20 “(2) MODEL FORM AND PROCEDURE FOR RE-
21 PORTING IDENTITY THEFT.—The Commission, in
22 consultation with the Federal banking agencies and
23 the National Credit Union Administration, shall de-
24 velop a model form and model procedures to be used
25 by consumers who are victims of identity theft for



1 contacting and informing creditors and consumer re-
2 porting agencies of the fraud.

3 “(3) ANNUAL SUMMARY REPORTS.—Each con-
4 sumer reporting agency described in section 603(p)
5 shall submit an annual summary report to the Com-
6 mission on consumer complaints received by the
7 agency on identity theft or fraud alerts.”.

8 **SEC. 302. NOTICE OF DISPUTE THROUGH RESELLER.**

9 (a) REQUIREMENT FOR REINVESTIGATION OF DIS-
10 PUTED INFORMATION UPON NOTICE FROM A RE-
11 SELLER.—Section 611(a) of the Fair Credit Reporting
12 Act (15 U.S.C. 1681i(a)(1)(A)) is amended—

13 (1) in subparagraph (A) of paragraph (1)—

14 (A) by striking “If the completeness” and
15 inserting “Subject to subsection (e), if the com-
16 pleteness”;

17 (B) by inserting “, or indirectly through a
18 reseller,” after “notifies the agency directly”;
19 and

20 (C) by inserting “or reseller” before the
21 period at the end of such subparagraph;

22 (2) in subparagraph (A) of paragraph (2)—

23 (A) by inserting “or a reseller” after “dis-
24 pute from any consumer”; and



1 (B) by inserting “or reseller” before the
2 period at the end of such subparagraph; and

3 (3) in subparagraph (B) of paragraph (2), by
4 inserting “or a reseller” after “from any consumer”.

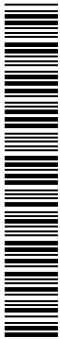
5 (b) REINVESTIGATION REQUIREMENT APPLICABLE
6 TO RESELLERS.—Section 611 of the Fair Credit Report-
7 ing Act (15 U.S.C. 1681i) is amended by adding at the
8 end the following new subsection:

9 “(e) REINVESTIGATION REQUIREMENT APPLICABLE
10 TO RESELLERS.—

11 “(1) EXEMPTION FROM GENERAL REINVES-
12 TIGATION REQUIREMENT.—Except as provided in
13 paragraph (2), a reseller shall be exempt from the
14 requirements of this section.

15 “(2) ACTION REQUIRED UPON RECEIVING NO-
16 TICE OF A DISPUTE.—If a reseller receives a notice
17 from a consumer of a dispute concerning the com-
18 pleteness or accuracy of any item of information
19 contained in a consumer report on such consumer
20 produced by the reseller, the reseller shall, within 5
21 days—

22 “(A) if the reseller determines that the
23 item of information is incomplete or inaccurate
24 as a result of an act or omission of the reseller,



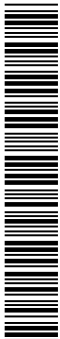
1 correct the information in the consumer report
2 or delete it; or

3 “(B) if the reseller determines that the
4 item of information is not incomplete or inac-
5 curate as a result of an act or omission of the
6 reseller, convey the notice of the dispute, to-
7 gether with all relevant information provided by
8 the consumer, to each consumer reporting agen-
9 cy that provided the information that is the
10 subject of the dispute.”.

11 (c) TECHNICAL AND CONFORMING AMENDMENT.—
12 The heading for paragraph (2) of section 611(a) of the
13 Fair Credit Reporting Act (15 U.S.C. 1681i(a)(2)) is
14 amended by striking “FROM CONSUMER”.

15 **SEC. 303. PROMPT INVESTIGATION OF DISPUTED CON-**
16 **SUMER INFORMATION.**

17 (a) STUDY REQUIRED.—The Board of Governors of
18 the Federal Reserve System and the Federal Trade Com-
19 mission shall jointly study the extent to which, and the
20 manner in which, consumer reporting agencies and fur-
21 nishers of consumer information to consumer reporting
22 agencies are complying with the procedures, time lines,
23 and requirements under the Fair Credit Reporting Act for
24 the prompt investigation of the disputed accuracy of any
25 consumer information and the prompt correction or dele-



1 tion, in accordance with such Act, of any inaccurate or
2 incomplete information or information that cannot be veri-
3 fied.

4 (b) REPORT REQUIRED.—Before the end of the 6-
5 month period beginning on the date of the enactment of
6 this Act, the Board of Governors of the Federal Reserve
7 System and the Federal Trade Commission shall jointly
8 submit a progress report to the Congress on the results
9 of the study required under subsection (a).

10 (c) RECOMMENDATIONS.—The report under sub-
11 section (b) shall include such recommendations as the
12 Board and the Commission jointly determine to be appro-
13 priate for legislative or administrative action to ensure
14 that—

15 (1) consumer disputes with consumer reporting
16 agencies over the accuracy or completeness of infor-
17 mation in a consumer's file are promptly and fully
18 investigated and any incorrect, incomplete, or un-
19 verifiable information is corrected or deleted imme-
20 diately thereafter;

21 (2) furnishers of information to consumer re-
22 porting agencies maintain full and prompt compli-
23 ance with the duties and responsibilities established
24 under section 623 of the Fair Credit Reporting Act;
25 and



1 (3) consumer reporting agencies establish and
2 maintain appropriate internal controls and manage-
3 ment review procedures for maintaining full and
4 continuous compliance with the procedures, time
5 lines, and requirements under the Fair Credit Re-
6 porting Act for the prompt investigation of the dis-
7 puted accuracy of any consumer information and the
8 prompt correction or deletion, in accordance with
9 such Act, of any inaccurate or incomplete informa-
10 tion or information that cannot be verified.

11 (d) DEFINITIONS.—For purposes of this section, the
12 terms “consumer”, “consumer report”, and “consumer re-
13 porting agency” have the same meaning as in the Fair
14 Credit Reporting Act.

15 **TITLE IV—IMPROVING ACCU-**
16 **RACY OF CONSUMER**
17 **RECORDS**

18 **SEC. 401. RECONCILING ADDRESSES.**

19 Section 605 of the Fair Credit Reporting Act (15
20 U.S.C. 1681c) is amended by inserting after subsection
21 (g) (as added by section 201 of this Act) the following
22 new subsection.

23 “(h) NOTICE OF DISCREPANCY.—If a person has re-
24 quested a consumer report relating to a consumer from
25 a consumer reporting agency described in section 603(p),



1 the request includes an address for the consumer that sub-
2 stantially differs from the addresses in the file of the con-
3 sumer, and the agency provides a consumer report in re-
4 sponse to the request, the consumer reporting agency
5 shall—

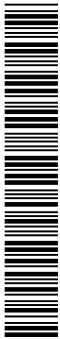
6 “(1) notify the requester of the existence of the
7 discrepancy; and

8 “(2) reconcile or resolve, in communication with
9 the requester and within 30 days, any substantial
10 variation between the addresses in the file of the
11 consumer at the agency and the address contained
12 in the request, in accordance with reasonable policies
13 and procedures established by the consumer report-
14 ing agency.”.

15 **SEC. 402. PREVENTION OF REPOLLUTION OF CONSUMER**
16 **REPORTS.**

17 Section 623(a)(1) of the Fair Credit Reporting Act
18 (15 U.S.C. 1681s-2(a)(1)) is amended by adding at the
19 end the following new subparagraph:

20 “(D) INFORMATION KNOWN TO INCLUDE
21 IDENTITY THEFT ACTIVITY.—A person may not
22 furnish information to any consumer reporting
23 agency that the person knows or has reasonable
24 cause to believe (as defined in section 604(c)(1)



1 of the Expedited Funds Availability Act) has
2 resulted from identity theft.”.

3 **SEC. 403. NOTICE BY USERS WITH RESPECT TO FRAUDU-**
4 **LENT INFORMATION.**

5 Section 615 of the Fair Credit Reporting Act (15
6 U.S.C. 1681m) is amended by adding at the end the fol-
7 lowing new subsection:

8 “(e) NOTICE OF FRAUDULENT INFORMATION RE-
9 LATING TO IDENTITY THEFT.—If an agent acting as a
10 debt collector (as defined in title VIII) of a person who
11 furnishes information to any consumer reporting agency
12 uses information contained in a consumer report on any
13 consumer and learns that any such information so used
14 is the result of identity theft or otherwise is fraudulent,
15 the agent shall—

16 “(1) if such information—

17 “(A) originated from the person for whom
18 the debt collector is acting as agent, notify the
19 person of the fraudulent information; or

20 “(B) originated from a person other than
21 the person for whom the debt collector is acting
22 as agent, notify the consumer reporting agency
23 that provided the consumer report of the fraud-
24 ulent information, either directly or through the



1 person for whom the debt collector is acting as
2 agent; and

3 “(2) upon the request of the consumer, provide
4 the consumer with so much of the fraudulent infor-
5 mation in the consumer report on such consumer as
6 the consumer would be entitled to receive if the in-
7 formation were not fraudulent.”.

8 **TITLE V—IMPROVEMENTS IN**
9 **USE OF AND CONSUMER AC-**
10 **CESS TO CREDIT INFORMA-**
11 **TION**

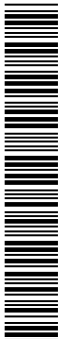
12 **SEC. 501. FREE REPORTS ANNUALLY.**

13 Section 612(c) of the Fair Credit Reporting Act (15
14 U.S.C. 1681j(c)) is amended to read as follows:

15 “(c) FREE ANNUAL DISCLOSURE.—Upon the direct
16 request of the consumer, a consumer reporting agency
17 shall make all disclosures pursuant to section 609 once
18 during any 12-month period without charge to the con-
19 sumer.”.

20 **SEC. 502. SUMMARY OF CREDIT SCORES.**

21 Section 609(a)(1) of the Fair Credit Reporting Act
22 (15 U.S.C. 1681g(a)(1)) is amended by striking “except
23 that nothing” and all that follows through the period at
24 the end and inserting “including a summary of how any



1 individual credit score of the consumer was derived and
2 how such score might be improved.”.

3 **SEC. 503. SIMPLER AND EASIER METHOD FOR CONSUMERS**
4 **TO USE NOTIFICATION SYSTEM.**

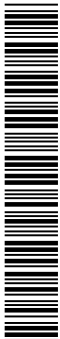
5 (a) IN GENERAL.—Section 604(e)(5)(A)(i) of the
6 Fair Credit Reporting Act (15 U.S.C. 1681b(e)(5)(A)(i))
7 is amended by inserting “in a simple and easy manner
8 and” after “notify the agency,”.

9 (b) SIMPLIFIED NOTICE AND RESPONSE FORMAT
10 FOR USERS.—Section 615(d) of the Fair Credit Report-
11 ing Act (15 U.S.C. 1681m(d)) is amended—

12 (1) by redesignating paragraphs (2), (3), and
13 (4), as paragraphs (3), (4) and (5); and

14 (2) by inserting after paragraph (1) the fol-
15 lowing new paragraph:

16 “(2) SIMPLE AND EASY NOTIFICATION.—Any
17 statement given the consumer under paragraph
18 (1)(E) shall be in a simple and easy to understand
19 format and shall describe the simple and easy meth-
20 od established under section 604(e)(5)(A)(i) for the
21 consumer to respond.”.



1 **TITLE VI—PROTECTING EM-**
2 **PLOYEE MISCONDUCT INVES-**
3 **TIGATIONS**

4 **SEC. 601. CERTAIN EMPLOYEE INVESTIGATION COMMU-**
5 **NICATIONS EXCLUDED FROM DEFINITION OF**
6 **CONSUMER REPORT.**

7 (a) IN GENERAL.—Section 603 of the Fair Credit
8 Reporting Act (15 U.S.C. 1681a) is amended—

9 (1) by redesignating subsection (p) as sub-
10 section (q); and

11 (2) by inserting after subsection (o) the fol-
12 lowing new subsection:

13 “(p) EXCLUSION OF CERTAIN COMMUNICATIONS FOR
14 EMPLOYEE INVESTIGATIONS.—

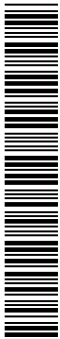
15 “(1) COMMUNICATIONS DESCRIBED IN THIS
16 SUBSECTION.—A communication is described in this
17 subsection if—

18 “(A) but for subsection (d)(2)(D), the
19 communication would be a consumer report;

20 “(B) the communication is made to an em-
21 ployer in connection with an investigation of—

22 “(i) suspected misconduct relating to
23 employment; or

24 “(ii) compliance with Federal, State,
25 or local laws and regulations, the rules of



1 a self-regulatory organization, or any pre-
2 existing written policies of the employer;

3 “(C) the communication is not made for
4 the purpose of investigating a consumer’s credit
5 worthiness, credit standing, or credit capacity;
6 and

7 “(D) the communication is not provided to
8 any person except—

9 “(i) to the employer or an agent of
10 the employer;

11 “(ii) to any Federal or State officer,
12 agency, or department, or any officer,
13 agency, or department of a unit of general
14 local government;

15 “(iii) to any self-regulatory organiza-
16 tion with regulatory authority over the ac-
17 tivities of the employer or employee;

18 “(iv) as otherwise required by law; or

19 “(v) pursuant to section 608.

20 “(2) SUBSEQUENT DISCLOSURE.—After taking
21 any adverse action based in whole or in part on a
22 communication described in paragraph (1), the em-
23 ployer shall disclose to the consumer a summary
24 containing the nature and substance of the commu-
25 nication upon which the adverse action is based, ex-



1 cept that the sources of information acquired solely
2 for use in preparing what would be but for sub-
3 section (d)(2)(D) an investigative consumer report
4 need not be disclosed.

5 “(3) SELF-REGULATORY ORGANIZATION DE-
6 FINED.—For purposes of this subsection, the term
7 ‘self-regulatory organization’ includes any self-regu-
8 latory organization (as defined in section 3(a)(26) of
9 the Securities Exchange Act of 1934), any entity es-
10 tablished under Title I of the Sarbanes-Oxley Act of
11 2002, any board of trade designated by the Com-
12 modity Futures Trading Commission, and any fu-
13 tures association registered with such Commission.”.

14 (b) TECHNICAL AND CONFORMING AMENDMENT.—
15 Section 603(d)(2)(D) of the Fair Credit Reporting Act (15
16 U.S.C. 1681a(d)(2)(D)) is amended by inserting “or (p)”
17 after “subsection (o)”.

